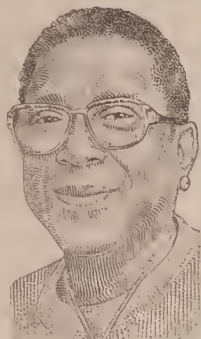


Bunker Mentality**One Way to Redevelop
A Housing Project:
Build a Golf Course****But First the Idea, Proposed
By a Group in Atlanta,
Had to Please Eva Davis****A Clash at the Plantation**By DOUGLAS A. BLACKMON
And EMORY THOMAS JR.

Staff Reporters of THE WALL STREET JOURNAL
ATLANTA — On a sticky evening last summer, in a packed apartment in one of the most violent public-housing projects in the city, a game of poker with a \$52.5 million pot was coming to a boil.

On one side of the room sat Greg Giornelli, executive director of the CF Foundation, a local charity. For months, the foundation had been pressing residents of the East Lake Meadows housing project to accept a donation to help demolish their battered neighborhood — and then rebuild it with, of all things, a golf course as a centerpiece. But in meeting after meeting, the tenants balked, fearing there was some hidden agenda.

Finally, Mr. Giornelli threw up his hands. Unless the residents embraced his plan, he said, the \$52.5 million redevelopment effort he represented would walk out the door. Eva Davis, a 60-year-old great-grandmother and head of the tenants association, listened quietly. Then she laughed. "Greg, What do you take us to be?" she recalls telling the neatly dressed attorney.



Eva Davis

"Do you think we're dummies? Or do you think we're just damn fools? . . . We'll try to give you all as much as you want. But you've got to in turn give us everything we want. That's the way businesses are."

Mr. Giornelli, his bluff called, returned to the table. Two months later, a plan emerged that gave Mrs. Davis and the tenants much of what they wanted — and left Mr. Giornelli wondering what had hit him. "In my experience, there has been nothing like this process," he says.

As the CF Foundation discovered, those trying to rebuild the inner city underestimate the Eva Davises of the world at their peril. Often, amid the tattered lives and buildings of these troubled neighborhoods, there is a complex society-within-a-society, where the little power that exists is held in the hands of a single leader.

In Atlanta, Mr. Giornelli and his colleagues came to understand what many city officials — and her occasional rivals — already knew: Mrs. Davis alone speaks for East Lake Meadows.

Problem Solver

"I can be as sweet as any honey you ever tasted, until you rub me the wrong way," Mrs. Davis says. "You push me in a corner and I'm coming after you just like a damn cat."

Possessed of a preacher's voice and a piercing stare, she has assumed the role of modern-day ward boss. Was a roof leaking? Was a family attempting, without success, to move into a bigger apartment? Was the city ignoring the drug peddlers on the corner? Mrs. Davis could find the bureaucrat, the politician, the work crew or the publicity to solve each problem.

"Nobody on the outside can know" how an East Lake Meadows operates, Mr. Giornelli says. "The only way you learn about the culture and the politics of a public-housing community is to get in there and be with everybody."

Around the country, public authorities are experimenting with the idea that blighted housing projects could be reformed by rebuilding them as a combination of market-rate and subsidized apartments. But nowhere has a plan been attempted as novel as this one.

The CF Foundation, a family charity that has parceled out money in Atlanta since the 1960s, wants to spend millions to help demolish the housing project, build new units — and a new golf course. Some local business leaders rolled their eyes when they first heard of the plan — then they were stunned that residents weren't thrilled to get the aid.

Strong Skepticism

Those living in East Lake Meadows saw little reason to believe any promises from public-housing officials, and even less to trust a charity run by a wealthy developer and his family. They were loath to see their housing project "saved," if saving it meant bulldozing the only community they knew. Winning the residents' support would require the patient building of a bridge between two removed worlds — as well as confronting Mrs. Davis.

Mrs. Davis was raised in rural Taliaferro County, Ga., by her grandfather, who supported the family by cooking and selling barbecue. When he was on the road, she lived in the home of the county's white sheriff, who was a family friend.

In the 1960s, as a young mother in Atlanta, she was swept up in the poverty protests of welfare-rights groups and the local civil-rights campaigns of the Rev. Dr. Martin Luther King Jr. Even then, she startled neighbors and local officials with a streak of defiance rare in an African-American community only a few years removed from the Jim Crow South.

When Mrs. Davis and her six children

Please Turn to Page A8, Column 5

What's News—

* * *

Business and Finance

THE U.S. TRADE DEFICIT fell 17% to \$8.19 billion in February, aided by reduced oil imports and rebounding aircraft exports. Though the figures were influenced by a return to more normal winter weather, some economists expect the deficit to continue to narrow for the rest of the year.

(Article on Page A2)

* * *

Bell Atlantic and Nynex have agreed to more than half a billion dollars in breakup fees if either backs out of their \$23 billion merger or accepts an offer from another company, according to a government filing.

(Article on Page A3)

* * *

GM plans to offer many more American consumers a simplified menu of vehicle prices, which would replace the traditional and expensive a la carte system.

Two suppliers of automotive seating, Lear and Douglas & Lomason, said the GM strike last month hurt their first-quarter earnings.

(Articles on Pages A3 and A6)

* * *

Mutual-fund investors were called upon by the AMA to sell their shares of funds that have invested in stocks and bonds of tobacco companies.

(Articles on Pages C1 and B11)

* * *

Digital Equipment posted a 68% gain in third-quarter earnings. The computer maker's shares climbed nearly 10% on the report.

(Article on Page B11)

* * *

Deloitte & Touche agreed to pay \$65 million to settle claims that the accounting firm helped the now-collapsed Bonneville Pacific to illegally inflate its assets during the 1980s.

(Article on Page A2)

* * *

The Supreme Court, in a unanimous decision, boosted the role of judges in patent-infringement suits.

(Article on Page B7)

* * *

A Rite Aid settlement overture was rejected by the FTC, which restated its intention to block the drug retailer's proposed acquisition of Revco.

(Article on Page A4)

* * *

Walt Disney reported a loss of \$25 million for its latest quarter, amid costs associated with its acquisition of Capital Cities/ABC and lower performance in its film operations.

(Article on Page A4)

* * *

Textron is negotiating the sale of its Paul Revere disability-income insurance unit in a transaction expected to be valued at about \$1 billion.

(Article on Page A6)

* * *

Reader's Digest and its QSP unit agreed to pay as much as \$40 million to 23,000 schools around the country to settle a lawsuit over sales of magazine subscriptions for fund raising.

(Article on Page B10)

* * *

United Airlines and Southwest Airlines posted sharply higher first-quarter operating earnings, but rising fuel prices and other costs hurt results.

(Article on Page B4)

* * *

DuPont is facing fresh allegations that it withheld evidence about the dangers of its Benlate DF fungicide from growers who contend that it caused hundreds of millions of dollars in plant damage nationwide.

(Article on Page B7)

* * *

Markets—

Stocks: Volume 452,659,660 shares. Dow Jones industrials 5588.59 up 23.85; transportation 2194.01, off 19.74; utilities 208.98, up 1.11.

Bonds: Lehman Brothers Treasury index 6210.47, off 11.32.

Commodities: Oil \$24.63 a barrel, up 55 cents. Dow Jones futures index 156.40, off 0.94; spot index 154.54, up 0.13.

Dollar: 106.67 yen, up 0.04; 1.5215 marks, up 0.0045.

* * *

World-Wide

THE SENATE APPROVED health-insurance legislation in a unanimous vote.

The bill, designed to make it easier for workers to keep coverage when they change or lose jobs, now faces several potential obstacles. It must be reconciled with a House version that contains significant differences, some of which are opposed by the White House. Meanwhile, the Senate narrowly rejected a proposed constitutional amendment to impose term limits on lawmakers. (Articles on Pages A3 and A16)

The White House and Dole signaled interest in a possible resumption of balanced-budget talks as negotiators continued work on a fiscal '96 spending plan.

* * *

SYRIA'S ASSAD REFUSED to meet with Christopher on a cease-fire for Lebanon. The snub came when the secretary of state arrived in Damascus and was told the Syrian president was "not available" for their planned meeting. Christopher later canceled a trip to Lebanon and returned to Israel, but said he hoped to meet with Assad today. Meanwhile, Israeli warplanes destroyed a water reservoir that serves 20 southern Lebanon villages. Hezbollah guerrillas continued rocket attacks on Israel.

Prime Minister Peres travels to Washington this weekend, and the Pentagon said he will discuss plans for beefing up Israel's missile defenses.

* * *

The Chechen rebel leader was killed in a Russian attack, a spokesman for the ousted government said, but other aides denied it and Moscow couldn't confirm it. Meanwhile, Yeltsin, who arrives in China today, pulled even in a CNN poll with his main rival in the presidential race. (Article on Page A11)

A fire near Chernobyl raised fears that radioactive particles from the 1986 explosion would be spread beyond an 18-mile exclusionary zone around the nuclear plant. Firemen put out the blaze, which burned five deserted villages, after about seven hours.

* * *

Clinton plans to make public the cost of U.S. spy agencies, estimated at \$28 billion a year, and give the CIA chief veto power over appointees to head other intelligence agencies. The moves follow recommendations by a panel set up after the Aldrich Ames case. (Article on Page A16)

* * *

Bernhard Goetz was ordered to pay \$43 million to a man paralyzed when Goetz shot four youths he said were trying to rob him on a New York subway in 1984. Goetz, in a case that polarized racial attitudes, was acquitted of most criminal charges. He lost the civil case, but is said to have little money.

* * *

A State Department aide told a House panel the administration turned a blind eye to 1994 Iranian arms shipments because Bosnia was close to defeat. The presence of Iranians is delaying Western plans to train the Bosnian army. (Article on Page A8)

Gun battles in Kosovo killed five people and put police on high alert because of ethnic tensions in the Serbian province, which is populated mainly by Albanians. Attacks were on a Serb cafe and a police patrol.

* * *

A brewing coup in Paraguay appears to have failed to topple President Wasmosy after the air force and navy sided against a rebel army general. Neighboring nations threatened economic isolation if Paraguay's three-year-old democracy was overthrown.

* * *

An ex-aide to Kim Young Sam confessed to taking \$900,000 in bribes in return for favors to businessmen, and apologized in court. The aide, who quit last month, had little influence on national policy but was very close to the South Korean president.

* * *

Egyptian police fought a lengthy gun battle with Islamic militants believed to have killed 13 Greek tourists in Cairo last week, and said they killed two of the four assailants in the attack. Four policemen, including a general, died in the battle.

* * *

The FBI arrested a Navy machinist mate who served aboard nuclear submarines for attempting to sell top-secret data to an unspecified foreign government. The FBI, which made the arrest Monday in Florida, said no information had changed hands.

* * *

Sierra Leone reached a truce with rebels after a five-year war and will seek a permanent peace accord. The pact came after Ivory Coast talks between Sierra Leone's new civilian president and the rebel leader.

* * *

Indian authorities stepped up a campaign against illegal guest houses after one in New Delhi collapsed Saturday, killing 17. Two rebel groups claimed responsibility, but police have found no evidence of a bomb.

TODAY'S CONTENTS

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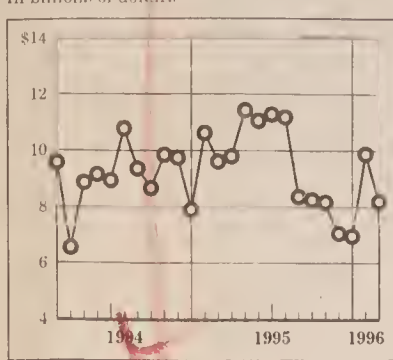
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U.S. Trade Deficit

In billions of dollars



THE U.S. TRADE DEFICIT on goods and services fell in February to a seasonally adjusted \$8.19 billion, from a revised \$9.88 billion in January, the Commerce Department reports. (Article on page A2.)

**Japanese Embrace
A Man Too Eccentric
For Silicon Valley**

After Years of Failure in U.S.,
Ted Nelson Is Continuing
His Quest for Xanadu

By DAVID P. HAMILTON

Staff Reporter of THE WALL STREET JOURNAL

SAPPORO, Japan — Eager to inspire a creative new generation of computer programmers, Japan has turned to a U.S. software guru who has been called "one of the great minds of the 20th century" and "the Orson Welles of software."

So far, it hardly matters that the individual in question, Theodor Holm "Ted" Nelson, has been called those things by himself. Or that in the U.S., he has spent more than 30 years and large sums of other people's money on a never-finished software project called Xanadu, which has bankrupted one group of programmers and overwhelmed several others.



Theodor 'Ted' Nelson

For Japan has accorded Mr. Nelson a hero's welcome. A group of electronics giants, including Hitachi Ltd. and Fujitsu Ltd., built a 12-person software lab for him on Japan's northernmost island and named it Hyperlab, where he dreamed, designed and philosophized for a year and a half. More recently, Keio University has given him a research appointment at its campus near Tokyo, where he plans to continue building Xanadu with companies or students who care to help.

In Japan, many still rever Mr. Nelson for coming up in 1965 with the concept of "hypertext" — now essentially the system that allows users of the Internet's World Wide Web to mouse-click their way from words or pictures in one document to those in another. "He is [part of] the living history of the computer world," says Kiyoki Kubo, a HyperLab programmer.

Japan's eagerness to embrace a thinker rejected by America's famously open-minded Silicon Valley says a lot about the romance with which many Japanese view U.S. computer culture. "The Japanese like to collect wacky people," says Paul Saffo, a longtime friend of Mr. Nelson's who runs the Institute for the Future, a Silicon Valley think tank. "They keep him around to vicariously experience what it's like to be a loner visionary."

'Visions and Ideas'

Mr. Nelson's reception also bespeaks Japan's deep-seated insecurity when it comes to software. Despite industrial "software factories" and big government computer-research efforts, the Japanese software industry remains tiny outside of video games. "Japanese have an inferiority complex in software," says Michiyuki Uenohara, an executive adviser at NEC Corp. "Here in Japan we need people with many visions and ideas."

Few people could fit the profile of eccentric Silicon Valley visionary better than the 58-year-old Mr. Nelson. A tall, gaunt man with a sandy thatch of unruly hair and a penetrating gaze, he keeps a pad of yellow "sticky notes" in his shirt pocket for jotting down random ideas. From his belt hangs a collection of tools, pouches and an orange eyeglasses case. At a recent HyperLab meeting, Mr. Nelson wore a coat and tie, a Dumbo-the-elephant lapel pin, pants and sandals.

Mr. Nelson's ideas radiate from his

Please Turn to Page A10, Column 1

Tax Report**A Special Summary and Forecast
Of Federal and State Tax
Developments**

TAXPAYER-PROTECTION STEPS move closer to winning approval.

Hopes are growing for Senate approval of a bill that would give taxpayers more weapons when battling the IRS. The bill, approved unanimously by the House, also would help reduce friction between taxpayers and the IRS. Senate Majority Leader Dole vows to help speed passage by moving the bill directly to the Senate floor without going through the Finance Committee.

The measure will "help to remind the IRS that taxpayer liberties must be carefully protected," Sen. Dole says. Treasury officials also support it. "We urge Congress to pass that bill promptly," says Leslie B. Samuels, Treasury's top tax-policy official. One provision would make it easier for taxpayers to recover attorneys' fees when they defeat the IRS in court. Another provision would let taxpayers use receipts from private delivery companies, and not just the U.S. Postal Service, as proof of mailing a document or return.

But tax advisers fear the bill may die if senators try using it as a vehicle for controversial amendments.

A TAX-SAVING TECHNIQUE springs back to life.

A move by two powerful Republican lawmakers has persuaded many investors to resume using several popular techniques to defer or even eliminate capital-gains taxes. Among these: "selling short against the box," in which investors sell borrowed shares of a stock they already own. That allows them to lock in gains while deferring capital-gains taxes until they return the borrowed shares.

Many investors abruptly stopped using this and similar techniques earlier this year after Treasury tax proposals aroused fears of a retroactive ban. Those fears began fading after a joint statement late last month by House Ways and Means Chairman Archer and Senate Finance Chairman Roth. The two lawmakers vowed that any Clinton tax proposals that are enacted wouldn't be retroactive. But a Treasury official says "we remain committed to our original proposal" that effectively would end these practices.

ARCHER AIMS to revive popular tax provisions that expired.

Despite Washington's continued gridlock, Rep. Archer says he hasn't given up hope for restoring several tax provisions that have expired. Among these is a measure to allow workers reimbursed for educational expenses by their employers to exclude as much as \$5,250 of those reimbursements. Treasury officials also strongly support extending this provision, which expired at the end of 1994.

Rep. Archer says there may be a way to attach this and other provisions, known as "extenders," to other legislation. Separately, the Texas Republican, who supported the flat tax in the mid-1980s, says "I believe we can do better" than the flat tax. He reiterates his determination to abolish the income-tax code and replace it with a broad-based tax on spending. Even the simplest flat tax would still require people to file returns and keep detailed records to be able to prove to the IRS that they have reported all their taxable income.

The flat tax "is on the wane, and I don't see anything that could improve it," he said.

HUMORIST DAVE BARRY says the IRS is making progress in "its mission to develop a tax form so scary that merely reading it will cause the ordinary taxpayer's brain to explode." He cites Schedule J, Form 1118: "Separate Limitation Loss Allocations and Other Adjustments Necessary to Determine Numerators of Limitation Fractions, Year-End Recharacterization Balances, and Overall Foreign Loss Account Balances."

STATE AND LOCAL TAXES worry chief executives at many fast-growing companies, a Coopers & Lybrand survey says. Executives say state and local taxes are the most rapidly expanding part of their overall tax liability — and play a major role in decisions on where to locate businesses.

MOVING ON: Donald K. Vogel, assistant IRS commissioner for criminal investigations, is the latest in a long line of high-level, veteran IRS officials to retire. Mr. Vogel, 50 years old, plans to leave late next month. His successor hasn't been named.

SELLING TAX LIENS to raise cash catches on with more local governments.

Growing numbers of cities and counties are selling their liens on real estate on which taxes haven't been paid, according to Standard & Poor's. Tax-lien sales to investors have occurred throughout the nation but have been more prominent in the Northeast in recent years, says a recent article in an S&P municipal-finance publication.

Ilyan C. Grossman, an S&P managing director, warns municipal officials to beware of heavy reliance on this technique. Selling tax liens is merely one of several "stop-gap measures" that fail to address "fundamental problems being caused by poor management, economic-base erosion and deficit financing," Mr. Grossman says.

Sale of such assets "often indicates fiscal stress," the S&P publication says.

BRIEFS: The IRS received 76.3 million individual income-tax returns as of April 12. That was down 3.3% from April 14 last year. . . . Total refunds paid as of April 12: \$63.1 billion, up 18.8% from a year earlier. . . . Average refund: \$1,238, up 12.7% from \$1,099.

—TOM HERMAN

A Hot Potato**A Popeyes Chain Frets
Over How to Handle
A Minimum-Pay Rise****One Manager Cooks Up Plan
To Cut Jobs, but His Boss
Prefers to Raise Prices****More Work for Fewer People**

By BERNARD WYSOCKI JR.

Staff Reporter of THE WALL STREET JOURNAL

PHILADELPHIA — Most Americans probably don't see a huge difference between \$4.78 and \$5.15. Then again, most Americans don't work at Popeyes Chicken & Biscuits fast-food restaurants.

The \$4.78 is the average hourly wage earned by the 20 or so employees at the Popeyes store here on City Line Avenue. These are the fry cooks and biscuit makers, the floor sweepers and cash-register jockeys doing some of the jobs at the bottom of the economic pyramid. The \$5.15 is what the Clinton administration proposes as the new minimum hourly wage. For workers here, it would mean a raise.

For store manager Mohammed Isah, however, the extra 37 cents an hour is a big deal. "Where is the extra productivity going to come from?" asks Mr. Isah, once a bank manager in his native Nigeria. He is mapping contingency plans to cut some jobs if the higher wage is imposed.

Profit Hit Forecast

And in Falls Church, Va., the controlling shareholder in this and 12 other franchised Popeyes restaurants doesn't like the prospect, either. David Rosenstein calculates that if the minimum wage goes up, operating profits would decline 25% or more in some of his stores. "This minimum wage increase is a bad idea," he says.

Perhaps. But the idea of raising the minimum wage, currently \$4.25 an hour, moved to the front burner of American politics in just the past week. Earlier, an administration proposal to raise the minimum to \$5.15 had seemed all but dead in this election year, but then Congress suddenly shifted. Now, a two-step move to \$5.15 or even \$5.25 seems likely.

Few people have watched all this with more interest than Mr. Rosenstein and his 300 Popeyes employees. Fast-food restaurants, a microcosm of low-wage America, would be among the most affected by a rise in the minimum wage. The National Restaurant Association, a trade group, has long opposed any increase.

Politically, the minimum wage is a hot potato, traditionally dividing business and labor, Republicans and Democrats. Voter sentiment, as measured in polls and referendums, has run 70% or higher in favor of raising the minimum, which, adjusted for inflation, is currently near a 40-year low. And according to the liberal-leaning Economic Policy Institute in Washington, about 12.3 million people who earn between \$4.25 and \$5.15 an hour would benefit.

Economic Impact Debated

Like the politics, the economics of the minimum wage is controversial. Academic economists can't even agree on some basic ideas. Despite reams of scholarly papers over the years, the arguments roll on about such issues as whether a rise in the minimum eliminates many jobs and to what extent minimum-wage workers are teenage children of affluent parents.

A look at just one small restaurant chain—Mr. Rosenstein's mini-empire of 13 stores in Maryland, Virginia, the District of Columbia, Delaware and Pennsylvania — offers some insight. His restaurants, controlled by Metropolitan Restaurant Management Co., had sales totaling \$12.3 million last year. The company is deeply involved, on a microeconomic and even personal scale, in many of the issues long debated by labor economists.

For the company, it is clear that different labor markets create very different wage levels. In weak labor markets, such as inner-city Philadelphia, Popeyes pays most of its workers less than \$5 an hour. In more-affluent Rockville, Md., however, the unemployment rate hovers around 3%, labor is tight, and the Popeyes store there has to pay an average of \$6.01 an hour to its non-supervisory crews. In Rockville, the managers say, a higher minimum wage won't affect jobs, wages or profits.

The Vulnerable Poor

On the other hand, the conservatives' familiar charge that raising the minimum wage hurts the poorest, least-able workers finds some support at Popeyes. In lower-income areas, the wage squeeze would probably hit the hardest. There, versatile, multiskilled workers would survive, but those with the least ability—the dining-room cleanup crew, for example — would be the first to be laid off.

Moreover, to explore Mr. Rosenstein's fried-chicken mini-empire is to find a whole world of teens, high-school dropouts, recent immigrants, single mothers supporting households, people holding multiple jobs, fast-trackers getting promoted, and conflicted middle managers.

"I'm torn," says Frank Williams, the district manager for five Metropolitan restaurants in Delaware and Philadelphia. By the end of last week, he felt sure the minimum wage was going up. "This is going to knock the budget numbers out of the ballpark. But I remember starting out at 50 cents an hour in 1961, and it was hard. If I had to vote? I'd vote for the increase."

Last week was an eventful one for Metropolitan's managers. On Monday, Delaware Gov. Thomas Carper signed a

Please Turn to Page A16, Column 4

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ECONOMY

Trade Gap Shrank Sharply in February

**Decline in Oil Imports, Rise
In Plane Exports Helped
Reduce the Deficit 17%**

By ROBERT S. GREENBERGER
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The U.S. trade deficit narrowed significantly in February, aided by reduced oil imports and a snapback in aircraft exports.

The February gap in goods and services trade declined 17% to a seasonally adjusted \$8.19 billion from a downward revised deficit of \$9.88 billion in January. Exports climbed to \$68.10 billion in February from \$66.79 billion in January, and imports fell to \$76.29 billion from \$76.67 billion.

Although February's figures were largely influenced by a return to more normal winter weather, several economists said the gap will continue to narrow during the rest of 1996. That would be sunny news for President Clinton, whose trade record has become a contentious election-year issue. Commerce Secretary-designate Mickey Kantor seized on the news, saying it "confirms the long-term trend towards improved trade results."

The politically sensitive trade deficit with Japan dropped in February to \$3.89 billion from \$4.71 billion a year earlier largely because the yen remains strong against the dollar. The red-ink total with China, however, swelled to \$2.43 billion in February, from \$1.91 billion a year earlier. Beijing's critics are certain to emphasize the expanding trade deficit with China,

which ballooned to nearly \$34 billion in 1995, during next month's congressional debate on renewing China's "most favored nation" trading status.

Weather Affected Oil

By volume, oil imports dropped about 12% from January, and the price fell to \$16.18 a barrel from \$16.45. Brian Horri-gan, vice president and senior economist at Loomis Sayles & Co. in Boston, cited "the abnormal weather in January and the return of normality in February."

Alan Levenson, a money market economist at UBS Securities in New York, said imports in general will probably continue at a reduced level in the second quarter as businesses work off inventories.

The rise in February exports followed the mercury. Mr. Horri-gan noted that January's blizzards hurt exports more than imports because many goods coming into the U.S. enter through West Coast ports, where the weather is milder, while many exports are shipped from Great Lakes or Northeast facilities.

Shipments of U.S. civilian aircraft, always a volatile sector, increased more than \$700 million in February after falling a similar amount in January. Exports were slowed in January by the effects of last fall's strike at Boeing Co.

Positive Trend Is Expected

Barring further surprises from the weather or other events, Mr. Levenson predicted that "we should see a trend towards improved trade deficits through the end of this year."

Separately, the Labor Department reported that a 7.1% spike in petroleum prices — the biggest jump in nearly two years — sent U.S. import prices up 0.5% in

Deloitte to Pay \$65 Million in Bonneville Scandal

By BILL RICHARDS
Staff Reporter of THE WALL STREET JOURNAL

Deloitte & Touche agreed to pay \$65 million to settle claims that it helped Bonneville Pacific Corp. to illegally inflate its assets during the 1980s.

The settlement by the nation's third-biggest accounting firm is the largest since Bonneville collapsed in 1991, leaving investors, creditors and others holding more than \$400 million in debt. In the wake of the collapse, Roger Segal, Bonneville's Chapter 11 bankruptcy trustee, filed a civil lawsuit accusing dozens of former Bonneville officials and professional advisers of complicity in allegedly fraudulent energy deals.

Mr. Segal's lawsuit, filed two years ago in federal court in Salt Lake City, said Bonneville committed financial fraud concerning its various energy schemes to lure investors. The trustee said Deloitte, which signed off on Bonneville's securities filings between 1985 and 1990, was aware of the fraud.

Wrongdoing Is Denied

Deloitte has denied any wrongdoing in the Bonneville case. In a 1994 article in The Wall Street Journal about Bonneville's en-ergy schemes, Deloitte defended its work as being "in accordance with applicable professional standards." Deloitte also vowed to fight Mr. Segal's allegations "vigorously" in court.

In a statement yesterday, Deloitte reiterated that it had handled its work for Bonneville in a professional manner. But the accounting firm said it settled with Mr. Segal to avoid "prolonged costly litigation with an uncertain outcome." The settlement still must be approved by the federal district court in Salt Lake City and by the federal Bankruptcy Court.

Deloitte called the Bonneville situation "unfortunate" and said "we are pleased to have it behind us."

Insurance Coverage

The settlement is Deloitte's second largest. In 1994, the accounting firm agreed to pay \$312 million to settle U.S. claims related to the thrift failures during the 1980s. In a statement, Deloitte said "a substantial amount" of the settlement would be paid by its insurers.

"I would assume from the size of the settlement there was a serious case against them," Daniel Greenwood, an as-sociate professor of law at the University of Utah, said yesterday.

Boyd Dyer, a securities law and tax specialist at the University of Utah, said the Bonneville case raises questions about how close accounting firms should be to their clients. A key criticism of Deloitte was that at least six top Bonneville officials, including its former chairman and controller, were former Deloitte executives.

"Having all those former Deloitteers in Bonneville's management might lull the accountants into a false sense of security," Mr. Dyer said.

Mr. Segal's lawsuit also names a number of other professional advisers to Bonneville, including its securities lawyers, the Chicago-based firm Mayer, Brown & Platt, and the company's investment bankers, Kidder, Peabody & Co. and Piper Jaffray Inc. Also named was its largest stockholder, Portland General Corp. All have denied wrongdoing.

CORRECTIONS & AMPLIFICATIONS

GAZI ERCCEL, new governor of Turkey's central bank, was previously chief executive officer and managing director of Tutun Bank AS, not acting governor of the central bank as reported in yesterday's World Wire column.

* * *

THE COMPUTER STORAGE SYSTEM supporting the Summer Olympics in Atlanta will hold three trillion bytes of data. An article Monday incorrectly stated it would be three billion bytes of data.

* * *

AMRESKO Inc. is an independent company in Dallas and Amresco Residential Mortgage Corp. is a subsidiary of Amresco Inc. In Monday's New Securities Issues column, Amresco Inc. was incorrectly identified as a unit of Legg Mason Inc.

* * *

MUTUAL OF OMAHA Cos.' \$2,500-deductible individual health insurance plan in Georgia would cost a 35-year-old woman who doesn't smoke \$85 a month, instead of \$105 a month as was erroneously reported in Friday's Your Money Matters column. A 55-year-old female nonsmoker would pay \$150 a month, not \$251 a month as stated in the column.

* * *

ARTHUR ANDERSEN moved its world-wide audit practices unit from Paris to Chicago last year. An article Monday about U.S. companies shifting jobs abroad incorrectly stated the base as Paris. Also, managing partner Marion Gajek's last name was misspelled as Jacek.

* * *

WARNER WELLCOME CONSUMER HEALTHCARE, a joint venture between Warner-Lambert Co. and Glaxo Wellcome PLC, is sending out free samples of Zantac 75, its over-the-counter heartburn medicine. Yesterday's Work Week column said the samples were being sent by Glaxo Wellcome PLC.

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Trade Deficit
U.S. trade deficits with major trading partners, in billions:

COUNTRY	FEB. 1996	FEB. 1995
Canada	\$1.40	\$1.42
China	2.43	1.91
Germany	0.97	0.84
Japan	3.89	4.71
Mexico	1.30	1.10

Source: U.S. Commerce Department

March. Excluding fuels, however, import prices fell 0.4% in March due to widespread price declines for capital goods, imported foods and drinks, cars, consumer goods and industrial supplies.

For the year ended in March, import prices overall rose 1.6%, compared with a 6.3% rise in the previous year.

Prices for exports, meanwhile, slipped 0.1% in March, due to a continuing decline in prices for exported nonagricultural commodities, the government said. But agricultural export prices resumed their upward climb, rising 1.3% in March. Overall, export prices rose 1.4% during the past year.

TRADE
Here are the Commerce Department's monthly trade figures, in billions of dollars.

	Feb. 1996	Jan. 1996
Total Exports	\$68.10	\$66.79
Goods	49.72	49.01
Services	18.38	17.78
Total Imports	76.29	76.67
Goods	63.51	64.09
Services	12.78	12.59
Overall trade balance	-8.19	-9.88
Goods	-13.79	-15.08
Services	5.59	5.20

For the full text of the government's trade report, see The Wall Street Journal's Money & Investing Update at <http://update.wsj.com> on the Internet's World Wide Web.

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GM to Extend 'No Haggle' Prices

Continued From Page A3

couple of years, GM has been trying to establish a reputation as the value-price leader.

GM is expected to announce the extension of the California program this spring, individuals close to the situation say. Dealers say GM will officially introduce the program in Washington and Oregon as it rolls out 1997-model vehicles. A GM spokeswoman would say only that "we are extremely encouraged by the results in California, and we are studying its expansion elsewhere."

Dealers say GM will officially introduce the program in Washington and Oregon as it rolls out 1997-model vehicles in coming months. Meanwhile, GM is evaluating a number of regional markets where its market share has eroded to determine whether simplified pricing would make a difference.

Cutting Down on Variations

Motivating the No. 1 auto maker is a desire to win back market share lost to buyers of domestic as well as imported cars and light trucks. GM is particularly targeting buyers of imported vehicles, especially those made by Japanese companies. At the same time, the program helps GM to cut its manufacturing costs by reducing the number of vehicle variations its factories have to handle.

GM says it has found that consumers like simplified pricing because it's "more reliable and consistent throughout the model year," the GM spokeswoman said. She added that consumers find the program makes it easier to shop for a car because they can focus on the vehicle rather than the bargaining process. "We can bring our prices pretty much in line with what the consumer is willing to pay and how they want the car equipped and thus minimize the use of incentives," a GM spokesman said.

GM already leads the Big Three domestic auto makers in innovative pricing strategies. Its popular Saturn division has a one-price, no-haggle policy across all its models. Oldsmobile, meanwhile, has moved to a similar pricing policy, and other GM divisions are expected to follow. Elsewhere in the auto industry, it is mostly up to individual dealers to decide whether to adopt "no haggle" pricing policies.

'Squeeze, Squeeze, Squeeze'

While the GM program is intended to be good for car buyers, it is unpopular, with many dealers. They complain that the low "value price" packages cut into their profit margins. Indeed, the tradeoff for non-negotiable sticker prices

is that GM builds in less dealer profit.

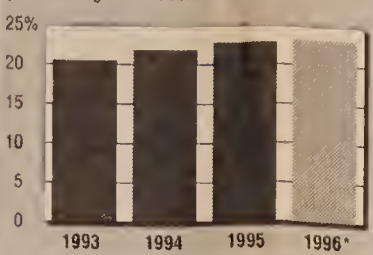
"It's just squeeze, squeeze, squeeze," complains Jim Weston, a dealer in Portland, Ore. "Yes, car prices have gone up, but not as much as dealer costs."

Moreover, dealers say, the haggling continues, even under the California program, as dealers compete to offer even lower prices, says Bob Longpre, a dealer in Southern California. Mr. Longpre says any market-share gains GM has achieved the past few years has been a result of large-scale advertising, not the simplified pricing program. Meanwhile, he says that at his Pontiac dealership profit margins are down 35% from five years ago.

GM argues that by having more "credible" pricing it has actually stabilized or increased dealer profit margins. Moreover, GM believes simplified pricing helps

Luring Consumers

GM's "value pricing" initiative, launched in 1993, has been paying off. Here is GM's California market share percentage by model year ending in October:



dealers sell more vehicles. Says a GM spokesman: "Dealers who understand how the pricing strategy really fits needs of the consumer will recognize that in the long haul, both sides — GM and the dealer body — will prosper as partners."

Health-Insurance Bill, Cleared by Senators, Still Faces Hurdles

Continued From Page A3

it, and Senate Majority Leader Robert Dole noted pointedly at a news conference yesterday that the provision was "very expensive." Still, the issue is seen as politically tricky. "Who wants to be against mental-health benefits parity?" says one congressional aide. "The problem is, it has a big cost."

• Medical Savings Accounts: Perhaps the thorniest issue of all surrounds a provision in the House bill that would create tax deductions for medical savings accounts. These are private accounts used to pay for routine medical needs, and they are paired with high-deductible cata-

strophic policies for major illnesses. Last week, the Senate rejected an effort to include an MSA provision in its bill.

But yesterday, Sen. Phil Gramm (R., Texas) said "there's going to be a very strong push" from Senate Republicans to include MSAs in the final legislation. Sen. Dole (R., Kan.) noted that he and Sen. William Roth (R., Del.), chairman of the Senate Finance Committee, will both be conferees and "we support MSAs." Insisting on MSAs, however, could doom the bill — either at the hands of a Democratic filibuster or a presidential veto. "MSAs are a bill-killer," warned one top Democratic Senate aide. Ultimately, the decision on whether to include an MSA provision in the conference report is a political judgment that Sen. Dole will have to make.

• Other issues: The House bill, in a provision that is a top priority for the National Federation of Independent Business, would allow small businesses to form

pools to buy insurance and allow them to get more favorable rates. But the provision, which isn't in the Senate bill, also would allow them to escape state regulation, which is strongly opposed by some consumer groups. Another provision that is in the House bill but not in the Senate bill would cap medical malpractice awards for "pain and suffering." But the provision is expected to be dropped in conference.

First Cash's Warrants to Expire

ARLINGTON, Texas — First Cash Inc. said that its publicly traded warrants entitling holders to purchase 450,000 common shares at \$6 a share will expire on June 1.

The pawnshop chain said the warrants were issued in connection with its initial public offering in 1991 and while the terms of the warrants provide for it to redeem any unexercised warrants for 5 cents a warrant under certain conditions, it doesn't expect a redemption.

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Bell Atlantic, Nynex Agree to Hefty Fees If Merger Unravels

Continued From Page A3

carriers, was an improved 3.6% for U.S. operations. The company's cellular joint venture with Bell Atlantic reported growth of 42% to 3.6 million subscribers.

Nynex's agreement to resell long-distance service and acquire support services from Sprint, including billing and telemarketing services, is part of the Bell's push into long-distance service.

Nynex said it expects to offer long-distance service within the next three months in Arizona, California, Florida, Georgia, Illinois and Texas, but it first must win regulatory approvals. The six states account for more than one-third of all domestic long-distance traffic terminating in the Northeast — a ready target Nynex plans to especially pursue.

PIPER JAFFRAY COS.

A \$15.8 Million Agreement Would Settle Holder Suits

Piper Jaffray Cos., Minneapolis, agreed to settle another in a series of shareholder lawsuits, for as much as \$15.8 million to be paid out over four years. The suit was brought on behalf of investors in four of Piper Capital Management's American Adjustable Rate Term Trusts Inc. They contended they were unaware of some of the funds' investments. Piper Jaffray agreed to pay \$14 million over four years plus as much as \$1.8 million in accrued interest. The settlement must be approved by the courts and by holders of at least 95% of the trusts' shares. The pending settlement resulted in a \$14 million pretax charge and a \$2.3 million loss for the parent company's fiscal second quarter, also reported yesterday. A year earlier, the investment company reported a loss of \$37.3 million, reflecting a \$70 million litigation-related charge.

Low-Wage Employment Has Fallen, Report Says

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — Employment in "hamburger-flipping" jobs declined during the wave of job growth in 1994 and 1995, refuting a popular belief that most new employment has been in low-paying service jobs, the White House said.

Tackling a politically charged issue in an election year, new findings by the Council of Economic Advisers suggest that widespread anxiety in the workplace may not reflect reality. The report found most of the 8.5 million jobs created since January 1993 are full-time posts, and that 68% of the new full-time jobs created in the past two years were in industries or occupation groups paying higher than median wages. The number of workers holding more than one job has held steady since the late 1980s. And while those who lose work make an average 10% less at their next job, that figure also has remained constant.

But these numbers also widen a split among Democrats about how the current state of the economy will play in the campaign.

Insisting that things aren't really that bad right now may be a politically risky course if most voters don't agree, some congressional Democrats contend.

INTERNATIONAL

Reforms Reshape Argentine Shoe Maker

Nike, Greenwood Mills of U.S. Toss Lifeline to Alpargatas

By JONATHAN FRIEDLAND
Staff Reporter of THE WALL STREET JOURNAL

CATAMARCA, Argentina — Five years ago, Argentina's largest shoe and textile company, Alpargatas SAIC, was about to become as obsolete as the rope-soled canvas shoes that gave it its name.

The Argentine government was dropping protectionist policies that had long coddled companies like Alpargatas, then a conglomerate of 15,000 employees that did everything from make sneakers to fish the South Atlantic seas.

But rather than give up, Alpargatas managers sought help from the U.S. They got it from Nike Inc., the Oregon-based footwear giant, and South Carolina-based Greenwood Mills Inc., a major producer of denim fabric. "They was about to get their lunch ate," draws Harold Butler, a plain-speaking mill manager dispatched by Greenwood. "Now they've got a fighting chance."

Lots of Assistance

Separately, Nike and Greenwood decided to make Alpargatas their partner in conquering Latin American markets, providing management guidance, technology and capital that have given the 113-year-old company a new lease on life.

The transformation taking place at Alpargatas is being replicated across the

region as trade barriers fall and companies are forced to compete. Thousands of small shoe and clothing producers from Brazil to Mexico have been swept away. Bigger firms, ranging from beer brewers to steelmakers, have made shotgun marriages with U.S. and European companies to better their chances of survival.

"We didn't have the management systems to compete on a global level," says Alpargatas's chief executive officer, Guillermo Gotelli. "Few in Argentina did."

Roads to Success

That's because running a successful business in Argentina traditionally had less to do with making things well than taking advantage of tax and credit subsidies, lobbying for stiff tariffs and coping with frequent devaluations. Alpargatas was a typical case. It didn't reinvest much; one recently closed factory in Uruguay hadn't seen an equipment change since its doors opened in 1890. And Alpargatas CEOs were often ex-ministers, recruited more for political clout than business acumen. The company, sums up one banker, "was run like a Soviet ministry."

President Carlos Menem changed the equation after taking power in 1989. He vanquished five-digit inflation, stabilized the Argentine peso and opened the borders. In flooded cheap fabric from Brazil and Chinese shoes that wholesaled at 60 cents a pair. Alpargatas, with its high salaries and generous perks, found itself in serious trouble.

"We had always sold our products at prices where efficiency didn't count," says 44-year-old Mr. Gotelli. "All of a sudden, we had to pay attention not only to efficiency, but to the needs of our customers." Mr. Gotelli cut staff nearly by half, closed seven factories and sold non-core assets. He also hit the road looking for help, reckoning that if the company was to survive, it needed first-class products to sell.

Joint Venture

His first stop was Nike, which had given Alpargatas the license to market its shoes in Argentina and Uruguay in 1987. Mr. Gotelli persuaded Nike to enter into a manufacturing joint venture. The deal gives Alpargatas access to Nike's advanced shoe-making technology while Nike gets factory space and a ready-made sales force.

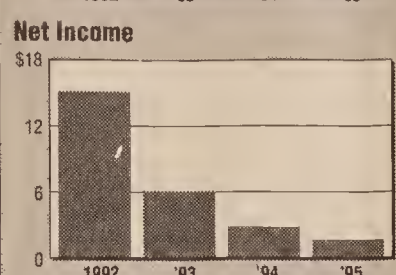
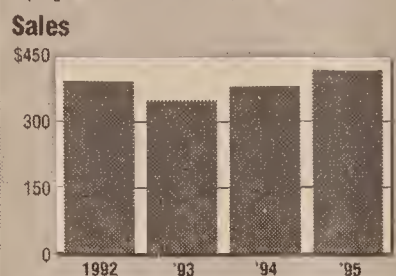
Then came Greenwood. Bob Brownlee, president of Greenwood's international unit, says he immediately took to Mr. Gotelli and his staff. "They work hard and want to succeed," he explains. Greenwood bought 20% of Alpargatas's textile unit in 1994 for \$18 million.

Just over a year ago, when Greenwood set out to rescue an aging Alpargatas textile mill, the task seemed daunting. The factory, built near the desert town of Catamarca in the 1970s to take advantage of tax breaks, is far from cotton fields and from Buenos Aires, destination of most of the factory's fabric and yarn.

Mr. Butler, a 55-year-old Greenwood veteran who spoke little Spanish, arrived to find a filthy plant full of battered machines. But he found it didn't take much

Still Struggling

Alpargatas's financial results, in millions of dollars



Source: Company reports

to turn the place around. He taught the workers, for instance, to test the strength of cotton before running it through the mill and to calibrate the machines accordingly. Before, "whenever the weaving room would break down, they'd have to go back through the whole mill to see what went wrong," he says.

Nike found that it, too, could make quick gains at Alpargatas's main sports shoe factory in the neighboring province of Tucuman. Pablo Nishihara Abe, the general manager, says that through reorganizing in Japanese-style work teams and slimming down the product line, productivity has gone up while costs have fallen.

"We are comparable to — and in some cases better than — Nike's factories in Asia," Mr. Nishihara says.

Marketing Rights

Nike, which won't comment on its relationship with Alpargatas, has apparently been impressed. In late 1994, it gave the joint venture marketing rights to the giant Brazilian market through 1999.

Still, despite the presence of such strong international partners, Alpargatas isn't having an easy time of it. Demand collapsed in the Argentine market right when major debt obligations were coming due. Profits dived and Mr. Gotelli and other top managers stopped taking salaries to make ends meet. Recently, they have gotten a bit of breathing room. The Washington-based International Finance Corp. is leading a consortium of banks that's providing \$155 million in fresh funding to let Alpargatas restructure its debt and get on with its investment program.

Adam Schor, equity analyst at Harris Associates Investment Management in Chicago, believes that despite its troubles, Alpargatas is turning the corner. He says the Harris-run Oakmark International Fund has added to its stake recently each time Alpargatas stock was battered by bad news. "They've been having a frustrating time," says Mr. Schor, "but they're clearly on the right track."



SWISS BANK SETS TWO ACQUISITIONS

Swiss Bank Corp. said it agreed to acquire the international private-banking business of Standard Chartered PLC of Britain, representing about \$5 billion under management mostly in the Asia-Pacific region. Separately, SBC said it would buy from Chase Manhattan Corp. of the U.S. a \$1 billion portfolio managed for private clients world-wide. Terms weren't disclosed for the two deals, which underline SBC's commitment to building its global asset-management business.

VW's QUARTERLY EARNINGS SOARED

Volkswagen AG of Germany, Europe's largest auto maker, reported that its first-quarter group profit jumped more than eightfold to 116 million marks (\$76.5 million) from 13 million marks a year earlier, partly because of cost controls. Sales rose 15% to 24.47 billion marks, and deliveries also grew 15% to 946,915 vehicles. But VW said its markets will deteriorate this year and predicted only modest increases from last year's earnings of 336 million marks and sales of 88.1 billion marks.

BRITAIN'S SEARS POSTS LOSS

Sears PLC of Britain, a retail and home-shopping company unrelated to the similarly named U.S. concern, posted a pretax loss of £119.7 million (\$181 million) for the year ended Jan. 31, compared with year-earlier profit of £153.8 million. Pretax profit of £100.1 million was wiped out by a special charge of £219.8 million. Sales rose 9.3% to £2.34 billion. Sears completed a restructuring of its businesses that also shrank support staff and set up outside contracts for data and other systems.

HONG KONG CAR SALES SLIDE

Hong Kong auto sales in the first quarter plunged 39% to 5,205 vehicles from a year earlier. Industry officials and economists said this reflected cyclical factors such as slowing income growth and indicated political uncertainty may be hurting consumer confidence in the runup to the British colony's mid-1997 return to Chinese control. For all of 1995, auto sales sank 35% from 1994. Despite gains this year in property and stock prices, Hong Kong's market for consumer durable goods and luxury items remains in the doldrums.

POSTSCRIPTS ...

Fluor Corp. withdrew from a planned \$650 million Indonesian copper smelter and the U.S. company's 10% stake will be absorbed by its two former partners, PT Freeport Indonesia with 20% and Mitsubishi Materials Corp. of Japan with 70%, people working on the project said. ... British Prime Minister John Major told Parliament his government plans to reduce the standard income-tax rate to 20% "as soon as it is affordable;" the rate was cut to 24% from 25% this month.

—Compiled by Richard L. Holman

Japanese Embrace A Man Too Eccentric For Silicon Valley

Continued From First Page

single, central vision of Xanadu, his decades-old notion for a universal electronic library and publishing system that would link every book, movie, poem, song and software program ever written. The system has never worked, but Mr. Nelson insists it will eventually be a success, "to everyone's astonishment and dismay."

People were certainly astonished by his last attempt to build Xanadu — a \$5 million dollar project at Autodesk Inc. of San Rafael, Calif. — when it collapsed in 1992 after four years of effort.

One former Xanadu manager, Jonathan Shapiro, now calls Mr. Nelson "a failed Cortez" who carried his followers to a new world but couldn't conquer it. Wired Magazine dubbed Mr. Nelson's quest "The Curse of Xanadu," noting that the project "has set a record for futility that will be difficult for other companies to surpass."

'I Have a Mission'

"I'm a poor manager," Mr. Nelson cheerfully admits. "I'm not an employable person. I have a mission, a calling."

That mission, in fact, is exactly why many Japanese programmers admire him. "I haven't ever before seen this kind of person, who does just what he wants to do," says HyperLab's Mr. Okubo, one of the programmers who worked closely with Mr. Nelson. Mr. Okubo, who once quit a job with Sony Corp. to develop his own software language, now has hopes of taking his HyperLab-related program commercial — although, he admits, "I do not expect quick success."

Mr. Nelson's ideas don't always cross the linguistic and cultural divide successfully, though. At one lab meeting last year, Mr. Nelson gave a long lecture on the history and future of Xanadu, replete with neologisms like "transcopyright" and "nanobucks." Throughout the talk, Japanese members of the lab huddled together, attempting to make sense of it. "It was very interesting," said Minoru Hidaka, one of Mr. Nelson's proteges at the HyperLab, "but very difficult to understand."

And while many Japanese are clearly taken with Mr. Nelson, they are sometimes less enthusiastic about Xanadu. HyperLab director Yuzuru Tanaka, who says Mr. Nelson's ideas long "influenced and inspired" him, nevertheless adds that "there are a lot of problems in the implementation" of Xanadu.

Mr. Nelson's Japanese backers overlook his idiosyncrasies, such as his habit of whipping out a video camera to record daily events, particularly his own conversations. Along with his sticky notes, an average of a tape a day goes into Mr. Nelson's voluminous files, which he claims will chronicle "one of the most interesting lives of our time": his own.

Broad Outline

They don't mind that Mr. Nelson doesn't even write much software. An attention-deficit disorder, he says, prevents him from doing much more than sketching the broad outline of his ideas. "[Alfred] Hitchcock didn't look through the camera lens, and it worked for him," he says. "I'm the same way with interactive software."

Mr. Nelson has rarely held a steady job in the computer industry, or seen an idea through to completion. During the past 30 years, he has photographed dolphins, held a half-dozen academic appointments, written books heralding the democratization of computers, and worked out a philosophy he calls General Schematics, producing treatises such as "The Secret of Human Life."

For Mr. Nelson, the secret of happiness, at least for now, is in his new home. "Japan may be able to be successfully implement Ted's dreams in a way that U.S. programmers have not been able to," says Jim Warren, a Silicon Valley columnist.

It is enough, Mr. Nelson says, to live in a land that reveres gaman, or die-hard perseverance. "I feel appreciated here," he says simply. "You get Brownie points here for persistence."

Mexico's Dina Plans \$150 Million Swap Of Bonds for U.S.-Linked Securities

By CRAIG TORRES

Staff Reporter of THE WALL STREET JOURNAL

MEXICO CITY — In the latest in a series of major Mexican corporate-debt restructurings, Consorcio G Grupo Dina SA said it would repackage some \$150 million in troublesome bonds into new securities.

The arrangement is unusual because Salomon Brothers Inc. is both a bondholder and the adviser helping Dina restructure the debt. Consequently, Salomon and a close circle of clients holding the bonds could profit substantially.

As the fallout from Mexico's 1994 devaluation continues to ripple through the economy, corporate-debt restructurings have become increasingly common — and controversial. Because there is little recourse to law for creditors, many of the deals have been negotiated out of court. Foreign bondholders have had few options other than settling for whatever they're offered.

The Dina deal represents the second time Salomon has taken an aggressive stand in a security so it could help define the restructuring, thereby protecting its clients and itself from unfavorable terms. Earlier this year, Salomon sold some bonds

back to builder Grupo Tribasa SA to help facilitate a restructuring. Salomon was the original underwriter for both the Tribasa and Dina bond issues.

Dina, Mexico's largest truck and bus maker, is inviting investors to swap Dina's 10.5% Euronotes due 1997 for securities in a new company called Motorcoach Industries Holdings USA. The new securities will be guaranteed by some \$225 million in stock of the U.S. bus maker Dina purchased in 1994 for \$410 million. The old notes are guaranteed by Dina's Mexican subsidiaries, but it would be difficult for any foreign creditor to try to seize assets here.

Dina Euronotes currently trade at around 80 cents on the dollar. But the exchange will effectively occur at 100 cents on the dollar, possibly creating a substantial profit for Salomon and other investors who bought notes at a discount.

Despite its reasonably healthy Motorcoach subsidiary, Dina itself has fallen on hard times in Mexico due to the country's steep recession.

In composite New York Stock Exchange trading, Dina's American depositary shares closed at \$2.625, up 12.5 cents.

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